



General Assembly

**Substitute Bill No. 428**

February Session, 2008

\* SB00428BA 030508 \*

**AN ACT CONCERNING MORTGAGE CLOSING FUNDS  
AVAILABILITY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-758 of the 2008 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective October 1, 2008*):

4 Any person who makes any first mortgage loan, as defined in  
5 section 36a-485 of the 2008 supplement to the general statutes, or any  
6 secondary mortgage loan, as defined in section 36a-510 of the 2008  
7 supplement to the general statutes, shall, [at the time of consummation  
8 of such loan] no later than three p.m. on the day the loan is  
9 consummated or at the termination of any right to rescind the loan  
10 transaction under 12 CFR 226, as from time to time amended,  
11 whichever is later, pay the loan proceeds to the mortgagor, to the  
12 mortgagor's attorney, to the mortgagee's attorney or to any other  
13 person specified in any settlement statement, any written agreement  
14 between the mortgagor and the mortgagee or any written instruction  
15 of the mortgagor, by a certified, bank treasurer's or cashier's check or  
16 by means of wire transfer. A person violating this section shall be  
17 subject to the penalties in section 2 of this act.

18 Sec. 2. (NEW) (*Effective October 1, 2008*) (a) Any person or entity  
19 engaged in the business of (1) making first mortgage loans in this state

20 and licensed in accordance with subpart (A) of part I of chapter 668 of  
 21 the general statutes, or (2) making secondary mortgage loans in the  
 22 state and licensed in accordance with subpart (B) of part I of chapter  
 23 668 of the general statutes, that chooses to utilize a wire transfer to  
 24 send the loan proceeds to the mortgagee's attorney, shall transfer the  
 25 loan proceeds to the bank which holds the account of the mortgagee's  
 26 attorney by a wire transfer in a timely manner, but in any event not  
 27 later than three p.m. on the scheduled date of the closing of the loan. In  
 28 the case of a mortgage refinancing, where any right of rescission under  
 29 12 CFR 226.23 has terminated, any such wire transfer shall be in a  
 30 timely manner, but in any event not later than three p.m. on the  
 31 disbursement date. In the case of a person or entity engaged in the  
 32 business of making secondary mortgage loans in this state, the  
 33 provisions of this subsection shall apply only to secondary mortgage  
 34 loans to finance the acquisition or initial construction of the  
 35 mortgagor's principal dwelling.

36 (b) The commissioner may suspend, revoke or refuse to renew a  
 37 license pursuant to section 36a-51 of the general statutes issued to a  
 38 person or entity engaged in the business of making first mortgage  
 39 loans or secondary mortgage loans in this state and licensed in  
 40 accordance with subpart (A) or (B) of part I of chapter 668 of the  
 41 general statutes, or subject such person or entity to civil fines not to  
 42 exceed one thousand dollars per violation, for failure to comply with  
 43 section 36a-758 of the 2008 supplement to the general statutes, as  
 44 amended by this act, or subsection (a) of this section.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2008	36a-758
Sec. 2	October 1, 2008	New section

**Statement of Legislative Commissioners:**

A reference to three p.m. was added in section 2 for internal consistency within the section and for consistency with section 1.

***BA***      *Joint Favorable Subst.-LCO*